Press Metal Aluminium Holdings (PMAH MK)

3Q25: Within Expectations; Strong 4Q25 Anticipated

Highlights

- Press Metal's results are within expectations, backed by strong aluminium prices with relatively low alumina cost.
- We expect a sequentially stronger 4Q25, driven by further strengthening in aluminium prices following the Fed's rate cut in Sep 25, alongside lower alumina costs.
- We foresee aluminium prices continuing to trend higher, supported by ongoing supply tightness and a favourable monetary policy environment.
- We upgrade our 2025/26/27 earnings forecasts by 10%/13%/12%, respectively. Maintain BUY with a target price of RM8.10.

3Q25 Results

Year to 31 Dec (RMm)	3Q25	qoq% chg	yoy % chg	9M25	yoy % chg
Revenue	4,076.4	(2.7)	7.9	12,162.6	7.2
EBITDA	939.2	21.0	65.7	(571.9)	15.8
EBIT	733.7	25.6	89.3	1,816.0	20.4
PBT	791.2	22.2	51.0	2,068.0	17.6
Net profit	563.3	16.5	40.0	1,508.6	14.6
Core net profit	**571.5**	**14.2**	**20.2**	**1,519.8**	**8.0**
Margins (%)	**3Q25**	**qoq ppt chg**	**yoy ppt chg**		**yoy ppt chg**
EBIT	18.0	4.0	7.7	14.9	1.6
PBT	19.4	4.0	5.5	17.0	1.5
Core net profit	**14.0**	**2.1**	**1.4**	**12.5**	**0.1**

Source: Press Metal, UOB Kay Hian

Analysis

- **Within expectations.** Press Metal Aluminium Holdings (PMETAL) reported 3Q25 core net profit of RM571.5m (+14% qoq, +20% yoy). This brings 9M25 core net profit to RM1,519.8m (+8% yoy), accounting for 78%/76% of our and consensus full-year estimates respectively, within expectations. The sequential earnings growth was largely driven by higher aluminium prices (LME aluminium prices: US$2,620/tonne in 3Q25 vs US$2,454/tonne in 2Q25) despite lower revenue due to a lower USD forex rate. A third interim single-tier DPS of 2.0 sen was declared. We expect a sequentially stronger 4Q25, supported by higher aluminium prices and lower alumina costs, with the current alumina-to-aluminium ratio having declined to 11-12% (vs the historical 14–16%).

Key Financials

Year to 31 Dec (RMm)	2023	2024	2025F	2026F	2027F
Net turnover	13,803	14,910	15,788	16,313	17,362
EBITDA	2,352	2,784	3,266	3,568	4,051
Operating profit	1,685	2,045	2,750	3,010	3,453
Net profit (rep./act.)	1,214	1,761	2,147	2,434	2,800
Net profit (adj.)	1,230	1,853	2,147	2,434	2,800
EPS (sen)	15.0	22.6	25.9	29.5	33.9
PE (x)	43.1	28.6	25.0	21.9	19.1
P/B (x)	7.7	6.2	5.3	4.5	3.8
EV/EBITDA (x)	24.5	20.7	17.7	16.2	14.3
Dividend yield (%)	1.1	1.1	1.1	1.2	1.4
Net margin (%)	8.8	11.8	13.5	14.8	16.0
Net debt/(cash) to equity (%)	45.8	27.8	21.1	10.2	(1.0)
Interest cover (x)	10.8	13.2	21.1	22.7	31.6
ROE (%)	17.9	22.8	22.9	22.1	21.6
Consensus net profit			2,014	2,253	2,460
UOBKH/Consensus (x)			1.06	1.07	1.13

Source: Pentamaster Corporation, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	RM6.47
Target Price	RM8.10
Upside	+25.2%
Previous TP	RM7.00

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Stock Data

GICS sector	**Materials**
Bloomberg ticker:	PMAH MK
Shares issued (m):	8,239.6
Market cap (RMm):	53,310.3
Market cap (US$m):	12,813.4
3-mth avg daily t'over (US$m):	14.0

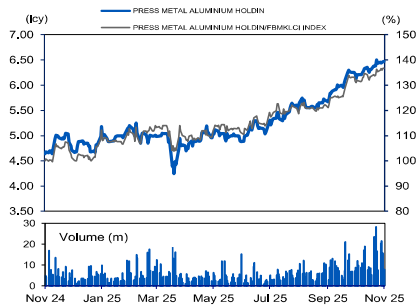
Price Performance (%)

52-week high/low				RM6.54/RM4.14
1mth	**3mth**	**6mth**	**1yr**	**YTD**
3.5	16.2	30.4	40.3	32.0

Major Shareholders **%**

Alpha Milestone Sdn Bhd	33.7
EPF	6.2
Koon Poh Ming	6.0

Price Chart



Source: Bloomberg

Company Description

Pentamaster designs, manufactures and installs automated equipment in the semiconductor, pharmaceutical, medical devices, automotive, food and beverages, and consumer goods industries globally.

- **9M25 sales jumped 7%** due to higher sales volume and higher all-in aluminium prices (LME aluminium prices: US$2,567/tonne in 9M25 vs US$2,411/tonne in 9M24). Meanwhile, core net profit rose 8% yoy mainly due to lower alumina cost.
- **Favourable raw material costs continue to support the group's margins.** Notably, there has been a sharp drop in alumina prices yoy (at US$358/tonne in 3Q25 vs US$505/tonne in 3Q24), which led to an alumina-to-aluminium cost ratio of 14% in 3Q25. The yoy drop in alumina prices was due to the easing of production disruptions and multiple refineries coming on-stream. Based on our sensitivity analysis, every US$20/tonne reduction in our alumina assumption of US$385/tonne in 2026 would increase PMETAL's earnings by RM62m, assuming that no hedging is done on a fixed US$2,750/tonne aluminium price, and vice versa. As of 20 Nov 25, the group had hedged 60% of its aluminium prices at US$2,700-2,750/tonne for 2026, 50% at more than US$2,800/tonne for 2027, and 30% at US$2,800/tonne for 2028.
- **Ongoing supply disruptions and Fed rate cuts continue to support aluminium prices.** LME aluminium prices have risen from US$2,550-2,650/tonne in Jul 25 to approximately US$2,800/tonne currently, marking a significant rally since 3Q25, mainly driven by the Federal Reserve's rate cut and the resulting weaker US dollar. Looking ahead, we expect aluminium prices to remain elevated in the near term, supported by: a) supply-side constraints continuing to tighten the market, with China's production capacity capped at 45.5m tonnes, b) the macroeconomic backdrop has turned more favourable, with markets expecting the Federal Reserve to deliver another rate cut, which would lower the opportunity cost of holding commodities and support industrial demand; and c) the weaker US dollar resulting from this dovish monetary policy pivot makes dollar-denominated commodities more attractive to international buyers.

Valuation/Recommendation

- **Maintain BUY with a higher target price of RM8.10, in tandem with earnings upgrade, still based on 27.0x 2026F PE,** which is its five-year forward PE mean. Should aluminium prices swing from our conservative forecast, based on our sensitivity analysis, every US$100/tonne increase to our current spot aluminium price assumption of US$2,750/tonne in 2026 would increase PMETAL's earnings by 12% annually, assuming alumina costs of US$385/MT (implying around 14.0% cost ratio) and carbon anode prices of Rmb5,500/MT.

Earnings Revision/Risk

- We increase our 2025/26/27 earnings forecasts by 10%/13%/12% respectively, mainly to reflect higher aluminium price assumptions and lower alumina cost assumptions.
- Note that our current LME aluminium price assumptions for 2025/26/27 are US$2,620/tonne, US$2,750/tonne and US$2,800/tonne respectively, vs Bloomberg consensus of US$2,632/tonne, US$2,822/tonne and US$2,851/tonne.

Environmental, Social, Governance (ESG) Updates

Environmental

- Smelting plants use electricity generated predominantly from hydroelectric power.
- To achieve: a) 15/30% GHG reduction by 2025/30 from 2020, b) carbon neutrality by 2050, and c) 10% water withdrawal reduction by 2030 from 2016.

Social

- Established group-wide targets in 2018 to increase women's participation in managerial positions to 30% and increased females in workforce to 20%.
- In 2020, the group recorded zero work fatalities, with 24% of managerial roles held by women and 14% of workforce comprised of females.

Governance

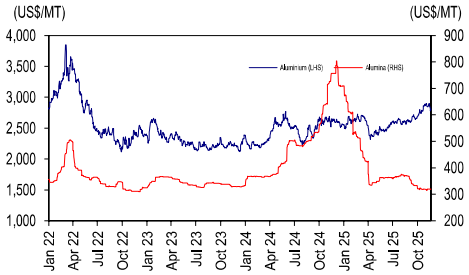
- The company has in place an Anti-Bribery and Anti-Corruption Policy which is in line with Section 17A of the MACC Act 2009.
- There were zero whistleblowing and bribery instances in 2020.

KEY Assumptions

Year to 31 Dec	2024	2025F	2026F	2027F
Current assumptions				
Production volume (MT p.a.)	1,080,000	1,080,000	1,090,800	1,090,800
Aluminium spot price (US$)	2,400	2,620	2,750	2,800
All-in aluminium price (US$)	2,637	2,750	2,880	2,930
MJP Premium	237	130	130	130
Alumina (US$/tonne)	495	393	385	378
EBIT margin (%)	13.7	17.7	19.0	20.4
US$/RM rate	4.50	4.25	4.15	4.20
Effective Tax Rate (%)	11.0	13.0	13.0	13.0

Source: Press Metal, UOB Kay Hian

Aluminium And Alumina Spot Prices



Source: Press Metal, UOB Kay Hian

Sensitivity Analysis

- **Alumina:** Every US$20/tonne reduction in our alumina assumption of US$385/tonne in 2026 would increase PMETAL's earnings by RM62m, assuming that no hedging is done on a fixed US$2,750/tonne aluminium price, and vice versa.
- **Aluminium:** Every US$100/tonne increase to our current spot aluminium price assumption of US$2,750/tonne in 2025 would increase PMETAL's earnings by 12% annually, assuming alumina cost of US$385/MT (implies around 14.0% cost ratio) and carbon anode prices of Rmb5,500/MT.

Source: Press Metal, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Net turnover	14,909.6	15,788.3	16,312.7	17,362.4
EBITDA	2,784.3	3,265.7	3,568.0	4,050.9
Deprec. & amort.	739.4	515.4	558.3	598.3
EBIT	2,044.9	2,750.3	3,009.7	3,452.6
Total other non-operating income	(91.9)	0.1	1.0	1.9
Associate contributions	559.2	413.1	536.1	572.7
Net interest income/(expense)	(211.1)	(154.8)	(157.0)	(128.2)
Pre-tax profit	2,301.1	2,985.2	3,371.4	3,878.3
Tax	(180.8)	(388.1)	(438.3)	(504.2)
Minorities	(358.9)	(470.5)	(515.2)	(591.8)
Net profit	1,761.4	2,147.0	2,434.0	2,800.4
Net profit (adj.)	1,853.2	2,147.0	2,434.0	2,800.4

Balance Sheet

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Fixed assets	7,045.3	7,679.9	8,271.6	8,823.3
Other LT assets	3,382.6	3,772.3	4,289.9	4,841.8
Cash/ST investment	1,508.7	1,148.4	1,466.5	2,204.9
Other current assets	4,748.4	5,377.6	5,498.4	5,756.7
Total assets	16,685.0	17,978.2	19,526.4	21,626.7
ST debt	1,842.5	1,542.5	1,242.5	942.5
Other current liabilities	1,498.9	1,390.5	1,234.3	1,283.8
LT debt	2,028.0	1,728.0	1,428.0	1,128.0
Other LT liabilities	972.4	972.4	972.4	972.4
Shareholders' equity	8,507.7	10,038.8	11,828.0	13,887.0
Minority interest	1,835.5	2,306.0	2,821.2	3,413.0
Total liabilities & equity	16,685.0	17,978.2	19,526.4	21,626.7

Cash Flow

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Operating	2,400.5	2,140.0	2,853.7	3,340.0
Pre-tax profit	2,301.1	2,985.2	3,371.4	3,878.3
Tax	(180.8)	(388.1)	(438.3)	(504.2)
Deprec. & amort.	739.4	515.4	558.3	598.3
Associates	(559.2)	(389.6)	(517.7)	(552.0)
Working capital changes	(405.2)	(737.7)	(277.0)	(208.7)
Other operating cashflows	505.2	154.8	157.0	128.3
Investing	(718.2)	(1,150.0)	(1,150.0)	(1,150.0)
Capex (growth)	(736.4)	(1,150.0)	(1,150.0)	(1,150.0)
Investments	517.2	906.8	1,424.4	1,976.4
Others	(503.6)	(906.8)	(1,424.4)	(1,976.4)
Financing	(1,392.8)	(1,350.3)	(1,385.6)	(1,451.6)
Dividend payments	(576.8)	(595.4)	(628.6)	(723.4)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	(550.0)	(600.0)	(600.0)	(600.0)
Others/interest paid	(266.0)	(154.9)	(157.0)	(128.2)
Net cash inflow (outflow)	289.5	(360.3)	318.1	738.4
Beginning cash & cash equivalent	1,228.0	1,431.8	1,148.4	1,466.5
Changes due to forex impact	(85.8)	77.0	0.0	0.0
Ending cash & cash equivalent	1,431.7	1,148.5	1,466.5	2,204.9

Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	18.7	20.7	21.9	23.3
Pre-tax margin	15.4	18.9	20.7	22.3
Net margin	11.8	13.5	14.8	16.0
ROA	11.0	12.3	12.9	13.5
ROE	22.8	22.9	22.1	21.6
Growth				
Turnover	8.0	5.9	3.3	6.4
EBITDA	18.4	17.3	9.3	13.5
Pre-tax profit	41.0	29.7	12.9	15.0
Net profit	45.1	20.7	13.7	15.1
Net profit (adj.)	50.7	14.8	13.7	15.1
	50.7	14.6	13.9	14.9
Leverage				
Debt to total capital				
Debt to equity	27.2	20.9	15.4	10.7
Net debt/(cash) to equity	45.5	32.6	22.6	14.9
Interest cover (x)	27.8	21.1	10.2	(1.0)

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